

Remarks of the Honorable
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Chairman
Subcommittee on Health and the Environment
Committee on Energy and Commerce
United States House of Representatives

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I am pleased to be with you today and to have this opportunity to share with you my comments on several of the major issues before the Subcommittee on Health and the Environment. In particular, I will focus on the need to improve access to health care for so many of our citizens.

Although President Reagan's budget this year did not include many of the drastic cuts in health programs of previous years, the future shape of our health care system is far from secure -- especially for the poor and disadvantaged who rely most on Federal assistance.

At a time when we as a nation should be talking about expanding commitments to provide long term care to a growing elderly population, health coverage to the increasing numbers of uninsured Americans, and assistance to our expanding AIDS population, we are instead talking about retrenchment. The agenda in Washington, as I'm sure you've

heard, is filled with ways to cut Federal spending and reduce the deficit.

Health policy continues to be driven by the politics of deficit reduction. The Gramm-Rudman legislation is the embodiment of deficit politics. Instead of assessing the health care needs of the population and developing responsible solutions, Gramm Rudman would make arbitrary across-the-board cuts that would affect all but a few programs. This, I believe, is irresponsible health policy.

Nevertheless, there are several initiatives before us that would provide long-overdue protections for the vulnerable segments of our society.

The catastrophic protection legislation for Medicare beneficiaries would place a ceiling on out-of-pocket spending for services covered by Medicare. It would remove limits on covered hospital days and add a prescription drug benefit. This initiative is currently in conference to negotiate the differences between the House and Senate bills. Even when we complete our work, we in the Congress--and we as a society--will still have a long way to go on addressing long-term care coverage, the leading cause of financial ruin among the elderly.

Additionally, the catastrophic protection offered by this bill will reach only elderly and disabled Medicare beneficiaries. The 37

million Americans under age 65 who are without any health insurance protection at all are not helped by this bill. Yet, for the uninsured, even routine medical care can be a catastrophic burden.

As many of you know, to help address this problem I have joined with my colleague, Senator Kennedy, in introducing legislation designed to assure that at long last nearly every American worker and his or her family will have health insurance.

During the past forty-odd years there have been great improvements in health care coverage. The cornerstone of that expansion has been the private sector providing health insurance related to employment. Unfortunately, many people have been left uncovered even as benefits for most workers have expanded.

By linking health insurance to employment, two large groups were left out -- retired persons 65 and over, and people unable to work because they had disabilities or were single parents with small children. The Federal government recognized this problem over twenty years ago, and enacted Medicare and Medicaid. Neither program has been perfect, but both have provided millions of people with needed health care.

We are working to expand both Medicaid and Medicare. But we also need to help the people who work but have no health insurance coverage.

Estimates of the size of the population with no health insurance are discouragingly large -- thirty-seven million by most recent estimates. While the figure is shockingly large, what has come as an additional unhappy surprise is how many of the uninsured are people with jobs, and their families.

Nearly two out every three people without health insurance are from families where the head of the household is employed.

In some ways, what this means is that having health insurance coverage now is to some extent a matter of luck. If you're fortunate enough to work for a large manufacturing firm or retailer, you're also likely to have good health insurance coverage. But if you work just as hard and have just as many responsibilities, but happen to work for a smaller company you are more likely to have no insurance.

We all know the serious human consequences of being without health care coverage -- people without insurance get to a doctor and get into a hospital barely half as often as people with insurance. Worst of all, they are more likely to get sick in the first place and then put off seeking care until their illness gets serious.

There are also serious economic consequences of having such a large population of uninsured people. These consequences affect hospitals and doctors, but they also affect employers who do provide

health benefits and insurers who pay health care bills.

Hospitals face a growing problem of uncompensated care, when people without insurance actually get to the hospital for treatment. Employers who pay for health care for their workers now realize that part of their health bills goes toward cross-subsidizing health care for the uninsured. What does -- and should -- bother many employers is the realization that many of the uninsured are employed by somebody else who doesn't provide health care coverage. Employers who provide health benefits also pay for coverage for many working spouses of their employees -- again picking up the tab for employers who don't provide health benefits.

This situation is intolerable. It is bad health policy and equally bad economic policy. Unless the Congress acts, more and more people will find themselves without adequate health insurance. And more and more businesses will find their health care costs growing for reasons that are beyond their control.

The legislation that we have introduced, the "Minimum Health Benefits for All Workers Act," H.R. 2508, will go a long way toward correcting these inequities. This legislation builds upon our strong private sector tradition of employment-related insurance.

Nearly all workers will be guaranteed basic health insurance

coverage for themselves and their families. Employers and employees will share the costs. The most important preventive services -- prenatal and well-baby care -- will be fully covered. And every worker and family member will be protected against the costs of catastrophic illness.

Even under this proposal, not every American will yet have adequate health insurance. Some people will still have to be incorporated into federally funded programs. Not every needed health service will be provided. We will see what can be done about these problems as we consider this bill. But in view of the budget limitations we face now and into the foreseeable future, we will need to build on private sector coverage where ever we can, and direct public expenditures to targeted problems.

With regard to federally funded programs, we are quite far along with legislation on several fronts. In Medicaid, we are continuing to expand the program to include more low-income women and children. States will now have the option to provide coverage for low-income pregnant women and children up to 185% of the federal poverty level. In Medicare, we have every prospect that legislation providing genuine protection against catastrophic health care expenses will be enacted.

In both cases, the federally-funded programs will be improved, but generally just for the types of beneficiaries traditionally served by

those public programs. We would consider it a great victory if we are successful in providing extended Medicaid coverage for people who leave the welfare rolls when they get jobs. But I do not foresee this Congress expanding either Medicare or Medicaid beyond this level to include a wider range of unemployed or uncovered persons, let alone workers.

I believe that it is important to point out that our bill for minimum health care coverage offers something to many employers, as well as to workers. As I have mentioned, employers already offering health care coverage will no longer be picking up the tab for employees of firms not offering coverage.

In addition, many small businesses will benefit from being able to purchase insurance at a more reasonable cost than they now face. Under this legislation, insurance companies will have to offer the basic plan at the same price to all employers. No longer will they be able to charge an additional premium for "administrative" costs. No longer will they be able to price certain companies entirely out of the market by rating them on the basis of the medical histories of the employees.

As we begin to consider action on this legislation, we will need to address the legitimate concerns that have been raised. One great concern is providing for adequate mental health coverage. We intend to include a mental health package in the minimum benefits required of all

plans under this bill -- currently only physician, hospital, and laboratory services are included.

I know that many of you are concerned about whether podiatry services will be covered under this legislation. Other health care professionals, such as clinical social workers, have raised similar concerns. This is an area that we will be looking at very carefully as we consider this legislation. I can tell you that I certainly do not intend to enact a provision that would unduly discriminate against professionals who are licensed by a State to provide a covered service, and I do intend to work toward a final bill that reflects that position.

Again, I look forward to your involvement as we address these important questions, and I appreciate this opportunity to meet with you.